

**TESTIMONY OF A. R. WATTS**

**FOR**

**THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**DOCKET NO. 2000-487-E**

**IN RE: APPLICATION OF COLUMBIA ENERGY LLC FOR A CERTIFICATE  
OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND  
NECESSITY TO CONSTRUCT A MAJOR UTILITY FACILITY AND FOR  
AUTHORIZATION TO SELL HEAT**

**Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION?**

**A.** A. R. Watts, 101 Executive Center Drive, Columbia, South Carolina. I am employed  
by the Public Service Commission of South Carolina, Utilities Department, as Chief  
of Electric.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

**A.** I received a Bachelor of Science Degree in Electrical Engineering from the  
University of South Carolina in Columbia in 1976. I was employed at that time by  
this Commission as a Utilities Engineer in the Electric Department and was  
promoted to Chief of the Electric Department in August 1981. I have been in my  
current position since October 1999. I have attended professional seminars relating  
to Electric Utility Rate Design and have testified before this Commission in  
conjunction with fuel clause, complaint, territorial assignment and general rate  
proceedings.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS  
PROCEEDING?**

**A.** The purpose of my testimony is to confirm compliance by Columbia Energy with the  
filing requirements contained in the Siting Act as well as to address the request for  
authority to sell heat.

1    **Q. PLEASE GIVE A BRIEF DESCRIPTION OF THE PROJECT.**

2    **A.** The proposed facilities include three generating units totaling approximately 500  
3    megawatts of capacity to be located on the Carolina Eastman manufacturing plant  
4    site in Calhoun County. The project will be interconnected to the transmission  
5    system of South Carolina Electric & Gas Company and receive natural gas service  
6    through South Carolina Pipeline Corporation. Heat produced at the facility will be  
7    sold to Carolina Eastman. Also per the Application, power generated will be sold at  
8    wholesale and at retail to the extent permitted by applicable law. The facility will be  
9    a "Qualifying Facility" (QF) under the Public Utilities Regulatory Policies Act  
10    (PURPA). The facilities are expected to be in commercial operation by June 2003.

11   **Q. TO YOUR KNOWLEDGE, IS THE RETAIL SALE OF ELECTRIC ENERGY**  
12   **CONTEMPLATED BY CAROLINA ENERGY CURRENTLY PERMITTED?**

13   **A.** No. There has been electric restructuring legislation introduced in South Carolina  
14   over the past several years but, to this date I am not aware of any bill that has been  
15   become law.

16   **Q. WHAT IS REQUIRED OF THE APPLICANT, PER THE SITING ACT,**  
17   **PRIOR TO THE APPLICATION BEING FILED WITH THE PUBLIC**  
18   **SERVICE COMMISSION?**

19   **A.** The Applicant must serve a copy of the application on the chief executive officer of  
20   each municipality and the head of each State and local government agency, charged  
21   with the duty of protecting the environment or of planning land use, in the area in the  
22   county in which any portion of the facility is to be located. A notice accompanying  
23   the application is required which specifies the date on or about which the application  
24   is to be filed. Public notice of Applicants intent to file with the Commission shall be  
25   given in the affected areas via newspapers of general circulation.

26   **Q. HAS COLUMBIA ENERGY COMPLIED WITH THESE CONDITIONS?**

27   **A.** Yes. The application included certification of service on the designated parties and  
28   Columbia Energy subsequently provided proof of publication of the notice.

29   **Q. PLEASE DESCRIBE THE INFORMATION THAT MUST BE CONTAINED**  
30   **IN AN APPLICATION FOR A CERTIFICATE?**

1 A. The Siting Act directs that an application contain a description of the location and of  
2 the major utility facility to be built; a summary of any studies which have been made  
3 of the environmental impact of the facility; a statement explaining the need for the  
4 facility; and such other information as the applicant may consider relevant or as the  
5 Commission may require.

6 **Q. DOES THE APPLICATION CONTAIN THIS INFORMATION?**

7 A. Yes. A description of the facility and its location is presented as well as the need for  
8 the facility and its environmental impact.

9 **Q. SUBSEQUENT TO FILING OF THE APPLICATION, WHAT OTHER**  
10 **PROCEDURES ARE NECESSARY TO SATISFY THE CRITERIA OF THE**  
11 **SITING ACT?**

12 A. The Commission must fix a date for the commencement of a public hearing, not less  
13 than sixty nor more than ninety days after receipt of the application. Due to the  
14 constricted time frame, a notice must be issued promptly by the Commission to the  
15 applicant for publication in newspapers in general circulation in the affected areas.  
16 All parties designated in the Siting Act are provided this same notice that indicates  
17 the Application has been filed, a hearing will be held, and comments, views or  
18 testimony and evidence are solicited from any interested party.

19 **Q. HAVE THESE REQUIREMENTS BEEN COMPLETED?**

20 A. Yes. The notice was sent to the Applicant, who subsequently provided the  
21 Commission with proof of publication, and the notice was likewise sent to all the  
22 parties as designated in the Siting Act. The notice included an intervention final date  
23 of no later than November 17, 2000. The Commission also issued an order  
24 establishing prefilings dates for testimony and evidence in this matter.

25 **Q. IS COLUMBIA ENERGY REQUIRED TO OBTAIN APPROVAL FROM**  
26 **THE COMMISSION FOR THE SALE OF HEAT?**

27 A. Yes. By definition, the term "public utility" under section 58-5-10(3) includes  
28 entities providing heat to the public for compensation. In addition, section 58-5-210  
29 establishes the Commission's power to supervise and regulate the rates and services

1 of every public utility in the State. The Company recognized this in its Application  
2 and stated that its sale of heat would constitute the services of a public utility.

3 **Q. HAS THE COMMISSION ISSUED OTHER CERTIFICATES FOR THE**  
4 **PROVISION OF HEAT?**

5 **A.** Yes, although on a very limited basis. I am aware of only two such Certificates  
6 previously granted by the Commission. The orders in those two cases approved the  
7 steam/heat agreements as well as granted Certificates of public utility status for the  
8 provision of steam/heat.

9 **Q. HAVE YOU REVIEWED THE STEAM RELATED PORTION OF THE**  
10 **ENERGY SERVICES AGREEMENT BETWEEN COLUMBIA ENERGY**  
11 **AND CAROLINA EASTMAN?**

12 **A.** Yes. I have reviewed a redacted copy of the Agreement with particular attention to  
13 the sections pertaining to the sale and purchase of steam.

14 **Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW FROM YOUR**  
15 **REVIEW?**

16 **A.** Since there were no rates included in the material I reviewed, I cannot provide an  
17 opinion as the reasonableness of those charges. However, the other representations  
18 in the Application and the Applicant's witnesses testimony do appear to be an  
19 accurate reflection and consistent with the language in the Agreement. It contains  
20 quite a number of safeguards for both parties and numerous contingencies and  
21 remedies.

22 **Q. WERE THERE ANY COMMENTS FILED BY ANY OF THE PARTIES OR**  
23 **INTERESTED PERSONS AS A RESULT OF THE NOTICES?**

24 **A.** No.

25 **Q. WERE THERE ANY INTERVENTIONS IN THIS DOCKET?**

26 **A.** Yes. The Consumer Advocate for the State of South Carolina and South Carolina  
27 Electric & Gas Company intervened in this proceeding.

28 **Q. TO THIS POINT IN THE PROCESS, HAVE THE REQUIREMENTS OF**  
29 **THE SITING ACT FOR THIS FILING BEEN ACCOMPLISHED?**

30 **A.** Yes.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes, it does.